

D.P.U. 95-8C

Application of Western Massachusetts Electric Company:

(1) under the provisions of G.L. c. 164, § 94G, as amended by St. 1981, c. 375, and the Company's tariff, M.D.P.U. 896, for approval by the Department of Public Utilities of the semi-annual fuel charge, as adopted in D.P.U. 95-8A, to be billed to the Company's customers pursuant to meter readings beginning in the billing month of September, 1995; and

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 et seq. and M.D.P.U. 586 during the same period of time. The rules established in 220 C.M.R. §§ 8.00 et seq. set forth the filings to be made by electric utilities with the Department, and implement the intent of §§ 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

APPEARANCE: Stephen Klionsky, Esq.
 Northeast Utilities Service Company
 260 Franklin St., 21st floor
 Boston, Massachusetts 02110
 FOR: WESTERN MASSACHUSETTS ELECTRIC
 COMPANY
 Petitioner

I. INTRODUCTION

On July 28, 1995, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Western Massachusetts Electric Company ("WMECo" or "Company") filed with the Department of Public Utilities ("Department") a proposed semi-annual change to its fuel charge in conformance with its tariff, M.D.P.U. 896, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 586 ("Semi-Annual Fuel Charge").¹ The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months from September, 1995 through February, 1996. This matter was docketed as D.P.U. 95-8C.

Pursuant to notice duly issued, a public hearing on the Company's application was held on August 18, 1995 at the Department's offices in Boston. Notice of the public hearing was published in the Boston Globe, Springfield Daily News, the Greenfield Recorder Gazette, the Berkshire Eagle, and the Daily Hampshire Gazette. The Company also complied with the

¹ On March 2, 1995, the Department approved a semi-annual fuel charge proposal submitted by the Company that, subject to certain conditions, allowed WMECo to fix both the fuel charge and Qualifying Facility Rates for six months. Western Massachusetts Electric Company, D.P.U. 95-8A (1995). The Semi-Annual Fuel Charge will be reviewed at each quarterly filing (and at any interim filing) in accordance with Section 94G. Id. at 14. The Department found that the Semi-Annual Fuel Charge is consistent with G.L. c. 164, § 94G because the Company will (1) continue to file quarterly reports, with schedules consistent with those filed in prior WMECo fuel charge proceedings, which are subject to review to determine whether further adjustment is appropriate; (2) provide notice of quarterly filings; (3) allow a recognized intervenor an opportunity to question or contest the Semi-Annual Fuel Charge for the remaining three months at a public interim hearing; (4) appear at an evidentiary hearing if the Department and Attorney General determine it to be necessary; and (5) provide for a fuel charge adjustment every six months which is an appropriate interval under current circumstances. Id. at 12.

requirement to mail a copy of the notice of the hearing to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. No petitions for leave to intervene were filed.

At the hearing, the Company sponsored two witnesses, Robert A. Baumann, manager of fuel accounting and recovery for Northeast Utilities Service Company ("NUSCo") and Sharyn J. Sinnott, senior staff accountant for NUSCO. The evidentiary record consists of two Company exhibits.

The Company is a wholly-owned subsidiary of Northeast Utilities ("NU") of Hartford, Connecticut, a public utility holding company. WMECo and three other wholly-owned subsidiaries, The Connecticut Light and Power Company, Public Service Company of New Hampshire, and Holyoke Water Power Company, furnish electric service in Connecticut, New Hampshire and western Massachusetts, respectively.

Other wholly-owned subsidiaries of NU provide support services for NU companies, and in some cases, for other New England utilities. NUSCo provides engineering, technical, and other services to NU system companies. Northeast Nuclear Energy Company ("NNECO") acts as agent for the NU system companies and other New England utilities in operating nuclear generating facilities in Connecticut. North Atlantic Energy Service Corporation ("NAESCO") acts as agent for NU companies and other New England utilities in operating Seabrook. Two other subsidiaries, Rocky River Realty Company and Quinnehtuk Company, are involved in real estate matters. NU has two other principal subsidiaries, Charter Oak Energy, Inc. and HEC Inc.,

which have non-utility businesses.

WMECo receives some of its power requirements pursuant to contractual rights from utilities both within and without the NU system. In addition, WMECo owns nine generating units. WMECo is engaged in the generation, transmission, and distribution of electric power to serve, on average during 1994, 193,187 customers in its service territory, which includes over 50 cities and towns in Western Massachusetts. WMECo's total sales to ultimate customers, as shown in its 1994 financial report provided to the Department, were \$374,872,463.

II. FUEL CHARGE

On August 11, 1995, the Company filed with the Department its proposed changes to its Semi-Annual Fuel Charge and QF power purchase rates from September, 1995 through February, 1996. For these billing months, the Company proposes a fuel charge of \$0.01190 per kilowatthour ("KWH").^{2,3} The proposed Semi-Annual Fuel Charge is \$0.00189 per KWH less than the Semi-Annual Fuel Charge of \$0.01379 per KWH approved by the Department in Western Massachusetts Electric Company, D.P.U. 95-8A (1995) for meter readings for the six billing months, March through August, 1995.

² The fuel adjustment charge of \$0.01191 per KWH proposed in its August 11, 1995 filing (Exh. WM-1) was subsequently revised on August 18, 1995 to \$0.01190 per KWH (Exh. WM-2).

³ On August 11, 1995, for informational purposes, the Company filed a calculation of an interim rate of \$0.01619 per KWH for the months of September, October, and November, 1995, which reflects the rate that the Company would have requested in the absence of an approved Semi-Annual rate (Exh. WM-1, at App. Sch. 1). This was subsequently revised on August 18, 1995 to \$0.01616 per KWH (Exh. WM-2, at 6).

Ms. Sinnott testified that the fuel charge is forecasted to be lower primarily because the Company expects an increase in nuclear generation during the September, 1995 through February, 1996 period that will, in turn, cause a decrease in replacement power costs (Tr. at 7; Exh. WM-2, at 1). The Company witness indicated that the expected increase in nuclear generation is attributed to the return to service of one of the Company's nuclear units, Millstone II, which was out of service until August 17, 1995, because of an extended refueling outage (Tr. at 8). Lastly, Ms. Sinnott explained that the proposed decrease in the fuel charge was partially offset by an underrecovery of fuel costs because of Millstone II's extended refueling outage (id. at 8, 9).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs for the period from September, 1995 through February, 1996:

Energy Rates By Voltage Level (Cents/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
Transmission	2.448	1.937	2.180
Bulk Substation	2.460	1.943	2.189
Service at Primary Distribution From:			
23 kV	2.513	1.974	2.228
13.8 kV	2.542	1.989	2.252
4.8/8.3 kV	2.710	2.062	2.364
Service at Secondary Distribution From:			
23 kV Primary	2.579	2.007	2.275
13.8 kV	2.610	2.022	2.299
4.8/8.3 kV	2.780	2.095	2.414

Exh. WM-1, at 169.

The short-run capacity rate proposed for the months of September, October, November, and December, 1995 and January and February, 1996 is zero (id. at 183).

IV. FINDINGS

Based on the foregoing, the Department finds:

1. That the Semi-Annual Fuel Charge to be applied to Company bills issued pursuant to meter readings for the billing months from September, 1995 through February, 1996, shall be \$0.01190. (The calculation of the fuel charge is shown in Table 1 attached to this Order.)

2. That the Semi-Annual QF power purchase rates for the billing months from September,

1995 through February, 1996, shall be the rates set forth in Section III, above.

3. That the Company's proposed semi-annual fuel charge and the purchased power charge proposal contained within it are consistent with G.L. c. 164, § 94G, Department precedent, and the public interest.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Western Massachusetts Electric Company is authorized to put into effect its Semi-Annual Fuel Charge of \$0.01190 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meters reading for the billing months from September, 1995 through February, 1996, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months from September, 1995 through February, 1996, shall be those set forth in the Table on page 5 of this Order; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED: That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges; and it is

FURTHER ORDERED: That the Company shall comply with all other directives contained herein.

By Order of the Department,

Mary Clark Webster, Commissioner

Janet Gail Besser, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).